

Message Text

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TO AMEMBASSY MOSCOW IMMEDIATE

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TAGS: OVIP (SHULTZ, DENT AND CASEY)

SUBJECT: PRESS SUMMARY OF TUESDAY, OCTOBER 2

GENEVA FOR CSCE DELEGATION

1. HIGHLIGHTS. PAPERS FEATURE SENATE BACKS NIXON ON ARMS PROCUREMENT; ALSO FRONTPAGE MRS. MEIR PLANS VIENNA TALKS ON SOVIET JEWS, VIENNA HINTS CONCESSIONS; EGYPT HIRES BECHTEL TO CONSTRUCT PIPELINE; ICC ASKS COURT TO WARD OFF TRUSTEES' PLAN TO CLOSE DOWN PENNSY, SAYING REORGANIZATION SHOULD BE CONSIDERED IN CONJUNCTION WITH OTHER BANKRUPT EASTERN RAILROADS. PAPERS ALSO FRONTPAGE EHRlichMAN LINKED NIXON, IN GRAND JURY TESTIMONY GIVEN LAST JUNE, TO SANCTION FOR COVERT ELLSBERG INQUIRY BUT DIDN'T SAY NIXON APPROVED BURGLARY; JUDGE SIRICA SAYS HE WILL REDUCE SENTENCE OF WATERGATE BURGLARS; SEGRETti PLEADS GUILTY FOR IMMUNITY; RICHARDSON DENIES PETERSEN LEAKED REPORT; WASHPOST FRONT-UNCLASSIFIED

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PAGES BUZHARDT IN ON AGNEW TALKS, PLAYING INDIRECT ROLE; AGNEW JURY WILL SPEED UP INVESTIGATION; POST PAGE TWO REPORTS JUSTICE DEPARTMENT BROKE OWN RULES IN HALPERIN WIRE-TAPE.

1A. INSIDE PAPERS HAVE SHULTZ IN MOSCOW, POST HAS PHOTO WITH BREZHNEV; TIMES STORY IS IN BUSINESS SECTION, WITH PHOTO OF SHULTZ IN TROIKA. PAPERS HAVE BRIEFS ON SOVIET

ATOMIC TEST, FOURTH IN SEPTEMBER, ONE PROBABLY HAD EXPLOSIVE FORCE BETWEEN 3 AND 6 MILLION TONS OF TNT. POST REPORTS RUSSIA SENDS IRAQ A DOZEN SUPERSONIC BOMBERS. TIMES REPORTS KOSYGIN ENDS YUGOSLAV TOUR WITH NONINTERFERENCE ACCORD; SHABAD MOSCOW SAYS SOVIET GAS LINE OPENS IN BAVARIA, ADDING THIS WEST GERMAN LINK IS PART OF BID TO EXPAND MARKETS; TIMES REPORTS SENATE FINANCE COMMITTEE NOW SEEMS DISPOSED TO APPROVE SONNENFELDT. NEWSWEEKLIES HAVE ITEMS ON SHULTZ TRIP.

1B. OTHER INSIDE STORIES INCLUDE: NIXON'S TALK WITH ORTOLI TERMED POSITIVE; GERMANS TO BUILD U-BOATS AGAIN; EAST GERMAN TELLS UN THAT UNITY WITH BONN IS IMPOSSIBLE; WASHPIST REPORTS SENATE BIDS AUSTRIA AID SOVIET JEWS; US AVOIDS DIRECT CRITICISM BUT TELLS AUSTRIA IT DISAGREES WITH AUSTRIA DECISION. WASHPOST REPORTS THREE FIRMS RAISE WHOLESALE PRICE OF GASOLINE, SHELL 0.2 CENT PER GALLON, PHILLIPS 0.5 CENT, ATLANTIC RICHFIELD 1.5 CENTS; NYTIMES REPORTS STEVENSON PRESENTS BILL TO CONTROL PRICES OF OIL AND NATURAL GAS. WASHPOST REPORTS COMMERCE WINS OVER INTERIOR IN GAINING CONTROL OF COSTAL ZONING.

2. MOSCOW STORIES. NYTIMES AP REPORTS SHULTZ HELD SURPRISE TWO-HOUR MEETING WITH BREZHNEV, US SPOKESMAN ANNOUNCED. TASS SAID THE TWO MEN COVERED A WIDE RANGE OF QUESTIONS CONCERNING SOVIET-US RELATIONS, INCLUDING THE DEVELOPMENT OF COMMERCIAL TIES. THE MEETING, HELD IN THE KREMLIN, CAME SHORTLY AFTER SHULTZ FORMALLY OPENED THIRD PLENARY SESSION OF SOVIET-AMERICAN TRADE COMMISSION. BREZHNEV'S DECISION TO MEET WITH SHULTZ ON HIS FIRST DAY OF TALKS REFLECTS SOVIET CONCERN FOR EMBATTLED COMMERCE PACT THAT HAS BEEN BLOCKED BY CONGRESSIONAL OPPOSITION TO UNCLASSIFIED

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GRANTING MOSCOW'S MFN STATUS, SAYS AP. SPOKESMAN FOR SHULTZ'S PARTY SAID HE HAD NO DETAILS OF MEETING WITH BREZHNEV, ADDING EVEN SHULTZ HAD NOT BEEN INFORMED OF BREZHNEV'S DECISION UNTIL THE EVENING. ACCORDING AP, CONTROVERSY OVER GRANTING MFN STATUS TO MOSCOW WAS EVIDENTLY MOST SIGNIFICANT SUBJECT ON SHULTZ'S MOSCOW AGENDA.

2A. WASHPOST KAISER ADDS CASEY AND DENT HAVE ACCOMPAINED SHULTZ TO MOSCOW FOR TRADE MEETING. ACCORDING KAISER, TASS SAID SHULTZ TOLD JOINT COMMISSION THERE WOULD BE OBSTACLES IN WAY OF FUTURE DEVELOPMENT OF US-SOVIET TRADE, BUT HE WAS CONFIDENT THESE COULD BE OVERCOME. APART FROM

MFN ISSUE, SOVIET-AMERICAN TRADE COMMISSION APPEARS TO HAVE LITTLE PRESSING BUSINESS. FUTURE DEVELOPMENT OF SOVIET-AMERICAN TRADE, ACCORDING KAISER, NOW DEPENDS ON WHETHER US BUSINESSMEN AND SOVIET OFFICIALS CAN REACH FURTHER CONCRETE TRADE AGREEMENTS. SHULTZ PLANS TWO MORE DAYS OF TALKS BEFORE LEAVING FOR DAY OF SIGHT-SEEING IN LENNINGRAD ON WEDNESDAY.

3. NEWSWEEKLIES. NEWSWEEK HAS ARTICLE ENTITLED, TO RUSSIA WITH BUSINESS, NOTING CONVERSATIONS BY GENERAL DYNAMICS AND GENERAL MOTORS, AND ON INTERNATIONAL TRADE CENTER. ARTICLE SAYS SHULTZ, AS RESULT OF WAYS AND MEANS ACTION, IS IN MOSCOW THIS WEEK WITH PRACTICALLY EMPTY HANDS; HE CAN OFFER HIS HOSTS NOTHING BUT A US GOVERNMENT STUDY CONTENDING US-USSR TRADE CAN GROW WITHOUT RUSSIA'S GETTING MFN STATUS. A COMMERCE DEPARTMENT OFFICIAL TOLD NEWSWEEK'S LEON VOLKOV THAT FURTHER GAINS DEPEND ON THE SOVIET ILITY TO GENERATE FOREIGN EXCHANGE THROUGH SALES TO THIRD COUNTRIES AND EXTENT TO WHICH US SUPPLIES CREDIT. BUT BOTH SIDES WANT TO DO BUSINESS; SO THIS IS LIKELY TO HAPPEN.

3A. ANOTHER NEWSWEEK ARTICLE IS ENTITLED, AFTER NAIROBI: PLENTY TO SETTLE, ARTICLE SAYING EVERYONE LEFT NAIRBOI A BIT DISAPPOINTED WHEN EXPECTED AGREEMENTS CAME UNSTUCK, BUT FLOAT SYSTEM HELD UP REASONABLY WELL. STILL WORLD BANK'S LENDING POWERS REACHED AGREEMENT ON 4.5 UNCLASSIFIED

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BILLIONS FOR INTEREST-FREE LOANS TO DEVELOPING COUNTRIES. ARTICLE SAYS FACT US IS HEADED FOR SURPLUS SETS STAGE FOR COMMITTEE OF TWENTY'S JULY 1974 MEETING; IF ITS AGREEMENTS ARE SUBSEQUENTLY RATIFIED BY GOVERNMENTS, A NEW SET OF RULES GOVERNING INTERNATIONAL COMMERCE COULD BE IN PLACE SOMETIME IN 1975.

3B. TIME MAGAZINE HAS ARTICLE MONEY: GLUM DRUMS FROM NAIROBI, ON HIGHLY TOUTED WORLD FINANCIAL CONFERENCE THAT IN EFFECT ENDED BEFORE IT EVER OFFICIALLY BEGAN, IN VIEW OF DIFFERENCES BETWEEN FRANCE US BRITAIN GERMANY JAPAN WHICH WERE SO GREAT THERE WAS NO POINT IN EVEN TRYING TO RESOLVE THEM IMMEDIATELY. ARTICLE DECLARES THE MONEYMEN WOULD BE WELL ADVISED TO STOP TRYING TO COME UP WITH AN AGREEMENT IN WHICH EVERY T IS CROSSED AND I DOTTED--AS US IN PARTICULAR DEMANDS--AND ATTEMPT INSTEAD THE APPROACH FAVORED BY CANADA: SEEKING TO SIGN ON LIMITED POINTS ON WHICH THERE IS NO BASIC CONFLICT, SUCH AS RULES FOR

INTERVENTION BY CENTRAL BANKS TO STABILIZE EXCHANGE MARKETS.

4. SOVIET JEWS. NYTIMES GWERTZMAN WASHINGTON CITES

MCCLOSKEY SAYING US HAD INDICATED ITS CONCERN ABOUT THE CLOSING OF TRANSIT FACILITIES TO THE AUSTRAINS BOTH HERE AND IN VIENNA, BUT SPOKESMAN INDICATED US FELL SHORT OF ASKING VIENNA TO RECONSIDER. GWERTZMAN ADDS SENATE BY VOICE VOTE ADOPTED A RESOLUTION OF CONCERN AT THE CLOSING OF THE TRANSIT FACILITIES AND RESOLUTION SPONSOR MONDALE CALLED THE CLOSING AN OUTRAGE AGAINST HUMANITY. EARLIER A DELEGATION OF AMERICAN JEWISH LEADERS, LED BY JACOB STEIN, MET WITH RUSH AND OTHER OFFICIALS, AND ADMINISTRATION OFFICIALS SAID US WAS TRYING TO REGISTER ITS DISAPPROVAL OF KRESIKY'S DECISION WITHOUT GETTING INTO A PUBLIC POLEMIC. GWERTZMAN ADDS PUBLIC PRESSURE FOR ACTION IS RISING, REP. PEYSER INTRODUCING A RESOLUTION CALLING FOR WITHDRAWAL OF AMERICAN AMBASSADOR IN VIENNA. AFTER KREISKY'S SUGGESTION OF AN AMERICAN AIRLIFT FROM SOVIET UNION, SAYS GWERTZMAN, SENIOR OFFICIALS WERE REPORTED ANNOYED BY WHAT ONE CALLED THE RATHER UNPRODUCTIVE SUGGESTIONS, MCCLOSKEY ADDING THAT NO SPECIFIC PROPOSAL WAS BROUGHT TO US OFFICIALLY BY THE AUSTRIANS.

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4A. WASHPOST LOCAL STORY IS SIMILAR, ADDING MCCLOSKEY NOTED US GOVERNMENT ASSISTANCE TOTALING OVER 50 MILLIONS TO AID SOVIET MIGRANTS TO ISRAEL AND OTHER COUNTRIES AND SAID NO ONE CAN FAULT US FOR NOT DOING ITS SHARE. SEPARATE STORY BY RICH REPORTS SENATE RESOLUTION WARNED THAT CAPITULATION TO TERRORISTS ENCOURAGES FURTHER ATTEMPTS AT BLACKMAIL AND REP. PEYSER CALLED ON KISSINGER TO WITHDRAW OUR AMBASSADOR IN VIENNA WITHOUT WAITING FOR CONGRESSIONAL ACTION. RICH ADDS REP. OGDEN REID URGED AUSTRIA TO RECONSIDER ITS CLOSURE.

5. EUROPE. NYTIMES BINDER WASHINGTON REPORTS NIXON AND COMMON MARKET CHIEF EXECUTIVE ORTOLI HELD TALKS DESCRIBED AS VERY POSITIVE, BROAD RANGING AND USEFUL. THIS MEETING TOOK ON MORE SUBSTANCE THAN PREVIOUS ONES, SAYS BINDER, BECAUSE OF NEGOTIATIONS BETWEEN US AND EEC ON NEW DEFINITION OF TRANS-ATLANTIC PRINCIPLES. STOESSEL MEETING WITH REPS OF COMMON MARKET IN NY DESCRIBED BY ADMINISTRATION OFFICIALS AS "VERY SUCCESSFUL." WHITE HOUSE AIDE SAID STOESSEL HAD SUBMITTED SUGGESTION FOR SUBSTANTIAL CHANGES IN EUROPEAN DRAFT, WHICH AMERICANS WERE SAID TO HAVE FOUND FAR TOO MILD AND NON-COMMITTAL. WASHPOST KILPATRICK ADDS ORTOLI TOLD NEWS CONFERENCE "NUMBER OF

POINTS WE AGREED ON IS FAR GREATER THAN NUMBER OF THOSE WE DISAGREE" ORTOLI ADDING HE WAS VERY OPTIMISTIC. BUT AT CONCLUSION OF PRESS CONFERENCE, HE EMPHASIZED MANY PROBLEMS REMAINED TO BE WORKED OUT.

5A. KILPATRICK ADDS PRESIDENT ANNOUNCED APPOINTMENT OF FORMER SEC OF ARMY STANLEY RESOR TO BE US REP AT MBFR

NEGOTIATIONS TO BEGIN IN VIENNA OCTOBER 30.

6. WASHINGTON STORIES. NYTIMES FINNEY REPORTS SENATE APPROVED 20.9 BILLION MILITARY PROCUREMENT BILL AFTER REJECTING LAST MINUTE PROPOSAL FOR ACROSS-THE-BOARD 500 MILLION CUT IN DEFENSE BUDGET. FOR THE ADMINISTRATION THE SENATE'S ACTION REPRESENTED BASIC ENDORSEMENT OF ITS DEFENSE PROGRAM. A 51-47 SENATE VOTE DEFEATED HUMPHREY AMENDMENT FOR 500 MILLION REDUCTION, AND BILL WAS PASSED UNCLASSIFIED

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91-7. LEGISLATION AUTHORIZES ALL MAJOR WEAPONS SOUGHT BY ADMINISTRATION. SENATE PROVISIONS FOR MILITARY MANPOWER EXPECTED TO BE MODIFIED OR ELIMINATED WHEN LEGISLATION IS CONSIDERED BY SENATE-HOUSE CONFERENCE. WASHPOST RICH ADDS 110,000 TROOP REDUCTION SPONSORED BY HUMPHREY EXPECTED TO FACE SEVERE CHALLENGE IN CONFERENCE FROM SENIOR MEMBERS HOUSE ARMED FORCES COMMITTEE. MORE LIKELY TO SURVIVE IN CONFERENCE IS JACKSON-NUNN AMENDMENT PROVIDING FOR CUTBACK IN US NATO CONTINGENT IF EUROPEAN ALLIES DON'T MAKE ENOUGH PURCHASES IN US TO OFF-SET BALANCE-OF-PAYMENTS

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